



**UTHM**

Universiti Tun Hussein Onn Malaysia

**UNIVERSITI TUN HUSSEIN ONN MALAYSIA**

**FINAL EXAMINATION  
SEMESTER I  
SESSION 2014/2015**

COURSE NAME : ECONOMICS  
COURSE CODE : BPA 10103  
PROGRAMME : 1 BPC/1 BPD  
EXAMINATION DATE : DECEMBER 2014 / JANUARY 2015  
DURATION : 3 HOURS  
INSTRUCTION : ANSWER ALL QUESTIONS

PLEASE SUBMIT **APPENDIX I**  
WITH YOUR ANSWER BOOKLET

THIS QUESTION PAPER CONSISTS OF **SEVEN (7)** PAGES

- Q1** Rita Development Sdn Bhd has the following total production of houses and properties shown in **Table Q1**. The labour is hired at RM500 per week and Rita Development Sdn Bhd has a total fixed cost of RM1000 per week.

**Table Q1: Rita Development Properties Production Schedule**

<b>Labour (workers per week)</b>	<b>Output (houses per week)</b>
1	30
2	70
3	120
4	160
5	190
6	210
7	220

- (a) Compute the average product of labour ( $AP_L$ ) and marginal product of labour ( $MP_L$ ) for Rita Development Sdn Bhd. (2 marks)
- (b) Sketch the  $AP_L$  and  $MP_L$  curves for Rita Development Sdn. Bhd. (4 marks)
- (c) Compute total costs (TC), total variable cost (TVC), total fixed cost (TFC), average total cost (ATC), average variable cost (AVC), average fixed cost (AFC), and marginal cost (MC) of each output in **Table Q1**. (7 marks)
- (d) Sketch the ATC, AVC, AFC and MC curves of Rita Development Sdn. Bhd. (4 marks)
- (e) Illustrate the relationship between Rita Development Sdn Bhd's AP, MP, ATC and MC. (8 marks)

- Q2** The market for properties in Malaysia is perfectly competitive and there are 1000 firms that develop properties as their core business. **Table Q(a)** shows the market demand and cost schedule for properties in Malaysia.

**Table Q2(a): Market demand and costs schedule for properties in Malaysia**

Output ('000 per week)	Price (RM '000 per unit)	Quantity demanded ('000 per week)	Marginal Cost (RM per add unit)	Average Variable Cost (RM per unit)	Average Total Cost (RM per unit)
500	365	500	640	780	1,280
450	520	450	700	700	1,100
400	680	400	765	710	1,043
350	840	350	840	720	1,006
300	1,000	300	1,000	750	1,000
250	1,160	250	1,240	800	1,022
200	1,320	200	2,070	900	1,100

- (a) Compute:
- (i) The efficient market price for properties in Malaysia. (2 marks)
  - (ii) The efficient market output for properties in Malaysia. (2 marks)
  - (iii) The efficient number of properties developed by each producer. (2 marks)
  - (iv) The efficient economic profit or economic loss incurred by a developer in Malaysia. (2 marks)
- (b) Illustrate the shutdown point for properties developer in Malaysia in graphical presentation. (3 marks)

- (c) Negoland (M) Sdn Bhd is the sole provider of Legoland entertainment theme park in Malaysia. It has just completed a new theme park in Putrajaya. Negoland (M) Sdn Bhd has a fixed cost of RM5,000 and the variable cost is RM1,000 per visitor. The marketing and sales department forecast that the demand over the lifetime of the theme park is shown in **Table Q2(c)**.

**Table Q2(c): Demand Forecast for Legoland Theme Park in Putrajaya**

Price (RM)	Number of visitors
170	160,000
160	170,000
150	180,000
140	190,000
130	200,000
120	210,000

Compute the total revenue, total cost and profit associated with each level of visitors to the theme park in Putrajaya. Please fill in the remaining column in the **Table Q2(c)** provided in **Appendix I**.

(10 marks)

- (d) Using **Table Q2(d)** provided in **Appendix I**, fill in the table by identifying the characteristics of firms in each market structure.

(4 marks)

- Q3** The following **Table Q3** shows the breakdown of GDP components for Country A economy in 2013. The national income accounting is  $Y = C + I + G + NX$ . Assume the population of Country A is approximately 29 million people in 2013.

**Table Q3: GDP for Country A in 2013**

Items	Total (in RM million)
Gross Domestic Product (Y)	X
Consumption(C)	392.724
Investment (I)	240.796
Government Purchases (G)	88.297
Net Exports (N)X	130.046

- (a) Compute the following:

- (i) Total GDP for country A in year 2013.

(2 marks)

- (ii) GDP per capita for country A

(2 marks)

- (b) Explain the rationale for an economy's total income equals its total expenditure. (3 marks)
- (c) Discuss whether GDP is a good measure of economic well-being of a country. (3 marks)
- (d) The Department of Statistics uses surveys to determine a representative bundle of goods and services purchased by a typical consumer. It is identified that the bundle consists of 4 pairs of shoes 5 pieces of clothes. Prices for each pair of shoes and piece of clothes in the bundle has been determined for each time period and shown in the following **Table Q4**.

**Table Q4 : Prices of shoes and clothes from 2010 – 2012**

Year	Price of a pair of shoes (RM)	Price of a piece of clothes (RM)
2010	25	20
2011	30	30
2012	35	40

Assume that content of the representative bundle does not change and price is the only item that is allowed to fluctuate.

Compute the following:

- (i) The cost of the bundle for each year. (3 marks)
- (ii) The Consumer Price Index (CPI) for each year by using 2010 as the base year. (6 marks)
- (iii) The inflation rate for year 2011 and 2012. (3 marks)
- (e) Mr. Kamal graduated from school and took his first job in 1974, which paid a salary of RM700. Assume the CPI in 1972 is 30.43 while the CPI in 2012 is 115.22. Calculate his salary worth in 2012 ringgit. (2 marks)

- Q4** (a) Data of a country states that in 2013, there were 12.6 million employed people and 0.89 million unemployed people. The adult population was 17.6 million.

Compute the following:

- (i) Labor Force. (2 marks)
- (ii) Unemployment rate (2 marks)
- (iii) Labor-force participation (2 marks)
- (b) Explain minimum-wage laws and its possible effects on unemployment with a help of graphical presentation. (4 marks)
- (c) Apply expansionary fiscal policy in order to activate the economy in the time of economic recession. (6 marks)
- (d) Analyze **THREE (3)** tools of monetary policy used by Central Bank to control money supply in the time of inflation in the economy. (9 marks)

**-END OF QUESTION-**

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**Table Q2(c): Demand Forecast for Legoland Theme Park in Putrajaya**

Price (RM)	Number of visitors	Total cost (RM)	Total Revenue (RM)	Profit (TR – TC) (RM)
170	160,000			
160	170,000			
150	180,000			
140	190,000			
130	200,000			
120	210,000			

**Table Q2(d): Firms Characteristics by Market Structure**

Firm	No. of firms	Differentiated or homogenous product	Price decision	Easy entry and exit
Monopoly				
Oligopoly				
Monopolistic				
Perfect competition				